

GENERAL FUND REVENUE REPORT



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Presentation Outline

- Revenue Collections through October
- Key Revenue Trends
- Risks to Revenue Forecast

General Fund Revenue: July through October

- General Fund revenue was \$115 million above target for first four months
- 1.9% above \$6.15 billion target
- Target surplus is not the same as revenue surplus

Target Surplus and Revenue Surplus

- Target surplus/shortfall
 - Based on the fiscal year consensus forecast
 - Monthly targets reflect envisioned forecast trend
 - Adjusted for processing issues
- Revenue surplus/shortfall
 - Actual end-of-fiscal year difference between the certified, budgeted revenue and net General Fund collections for the fiscal year

General Fund Revenue: July through October

- Fiscal Year-to-Date Revenue (\$ millions)

	Target 2011-12	Actual 2011-12	Actual 2010-11
Tax Revenue	\$5,887	\$6,009	\$5,921*
Non-Tax & Transfers	\$263	\$256	\$185
Total General Fund Revenue	\$6,150	\$6,265	\$6,106*

* Includes higher sales tax collections from the temporary 1-cent sales tax increase.

General Fund Revenue:

July through October

- Current target surplus is \$35 million less than reported last month
- October essentially on target at an estimated \$10 million below a \$1.6 billion target
- The rest of the change was from under estimating the size of the local Sales Tax distribution for September

Key Revenue Collections

- Economy-based taxes reflect some of the underlying improvements in the economy

Sales Tax Collections

- Net collections are slightly below target
 - Down less than 1.0%
- Collections will have to maintain upward growth trend to meet end-of-year targets

Key Revenue Collections

Personal Income Taxes

- Withholding tax collections are improving and are up 5.1% over last year
- Total personal income is up 6.7%
 - This time last year, they were down by 0.2%
 - Collections increased 4.1% in October over last year
- Volatile collections do not show up until second half of fiscal year

Key Revenue Collections

Business Taxes - Corporate Income and Franchise Tax

- Slightly below target
- Corporate collections are above target by 3.1%
 - Only have September's estimated payments
 - Volatile April final payments will be the key to meeting forecast
- Franchise Taxes continue to lag and are down over last year by 2%

Revenue: Risks to the Forecast

Since the revenue forecast was produced in March, the National and State's economic forecasts for this fiscal year have been downgraded.

<u>FY 2011-12 NC Forecast</u>	<u>March</u>	<u>October</u>
Gross State Product	5.4%	3.9%
Wage & Salary Income	5.2%	4.5%
Employment	2.1%	0.5%
Unemployment Rate	9.2%	10.1%
Retail Sales	6.0%	5.2%